

CN&R

CANCIO, NADAL & RIVERA, L.L.C.
ATTORNEYS AND COUNSELLORS AT LAW

October 4, 2019

BY ELECTRONIC MAIL

María López, Esq.

maria.lopez@promesa.gov

Carlos Robles-Cruz, Esq.

carlos.robles@promesa.gov

Financial Oversight and Management Board for Puerto Rico

Dear counsel,

On behalf of our client, the Economic Development Bank for Puerto Rico ("EDBPR"), we acknowledge receipt of the communication dated September 29, 2019, in which the Financial Oversight and Management Board for Puerto Rico ("FOMB"), requested copy of the contract for the sale of a loan portfolio with a value of approximately \$41.5 million on September 7, 2018, together with an explanation for the failure to submit such contract to FOMB for review and approval prior to its execution (the "FOMB Communication").

In attention to the FOMB Communication, we had a meeting with both of you as representatives of FOMB, and EDBPR, which was held on October 1, 2019, in EDBPR facilities. In such meeting, and in a confidential basis, we discussed the apparent process followed by the previous administration of EDBPR related to the sale of the loan portfolio. In order to address the FOMB Communication, the parties agreed during the meeting that EDBPR would submit FOMB copy of the following documents:

1. **Loan Sale Agreement** entered into as of September 7, 2018, by and among PR Recovery and Development JV, LLC, PR Recovery and Development REO, LLC, and EDBPR (contract number 2019-000044).
2. **Acknowledgement of Final Closing**, executed on March 26, 2019m by EDBPR, PR Recovery and Development JV, LLC, PR Recovery and Development REO, LLC, and Garnet Capital Advisors, LLC ("Garnet") (contract number 2019-000044-A).

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3. **Professional Services Agreement** dated August 8, 2017, by EDBPR and Garnet Capital Advisors, LLC ("Garnet") (contract number 2018-00036).
4. **First Amendment to Professional Services Contract**, dated August 14, 2017, by EDBPR and Garnet (contract number 2018-00036A).
5. **Second Amendment to Professional Services Contract**, dated October 11, 2017, by EDBPR and Garnet (contract number 2018-00036B).
6. **Third Amendment to Professional Services Contract**, dated February 21, 2018, by EDBPR and Garnet (contract number 2018-00036C).
7. **Fourth Amendment to Professional Services Contract**, dated June 6, 2018, by EDBPR and Garnet (contract number 2018-00036D).
8. **Regulation for Purchases and Bidding Process for the EDBPR**, Regulation Number 7395 of August 6, 2007.

Likewise, during the meeting we informed that EDBPR retained our firm to perform a legal analysis on the actions taken that culminated in the execution of the purchase and sale agreement of the loan portfolio. This is an ongoing investigation and EDBPR will keep FOMB informed on all these matters and expects to receive cooperation from your side in order to shed light and resolve this issue, for the wellbeing of Puerto Rico.

As agreed during the meeting, please confirm if the Loan Sale Agreement, entered into as of September 7, 2018, by and among PR Recovery and Development JV, LLC, PR Recovery and Development REO, LLC, and EDBPR, and related contracts were submitted for evaluation and approval of the FOMB.

Please, feel free to contact us at your convenience.

Kind regards,



CARLOS M. RIVERA-VICENTE

c: Mr. Rubén M. Medina-Lugo
Ms. Giselle M. Martínez-Velázquez
Mr. José E. Miró-Vargas